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August 19, 1997

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HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87505

NSL-3858

Re: ***Application of David Petroleum Corp. for Administrative Approval of an Unorthodox Well Location for its Conoco State Well No. 1 to be drilled 1250 feet from the South line and 1200 feet from the East line of Section 36, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico***

Dear Mr. LeMay:

David Petroleum Corp. hereby seeks administrative approval pursuant to the provisions of Division Rule 104 F (2) adopted on January 18, 1996, of an unorthodox well location for its Conoco State Well No. 1 to be drilled at an unorthodox well location 1250 feet from the South line and 1200 feet from the East line Section 36, Township 16 South, Range 37 East, N.M.P.M., Lea County, New Mexico. A standard spacing unit comprised of the E/2 SE/4 of said Section 36 will be dedicated to the well.

The well will be drilled to a depth sufficient to test the Strawn formation, Shipp-Strawn Pool which is governed by Special Pool Rules and Regulations (Order No. R-8062-A) that provide for 80-acre spacing units (Rule 2) with wells to be drilled within 150 feet of the center of a governmental quarter-quarter Section (Rule 4).

This location in the Strawn formation is unorthodox because it is governed by the Division's statewide rules which provide for wells on 40-spacing units to be located no closer than 330 feet to the outer boundary of the dedicated tract.